

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner

And

GOOGLE INC.,
Petitioner

v.

SMARTFLASH LLC,
Patent Owner.

Case CBM2015-00029¹
Patent 7,334,720 B2

Before JENNIFER S. BISK, RAMA G. ELLURU,
GREGG I. ANDERSON, and MATTHEW R. CLEMENTS,
Administrative Patent Judges.

ELLURU, *Administrative Patent Judge.*

DECISION
Denying Patent Owner's Request for Rehearing
37 C.F.R. § 42.71

¹ The challenge to claim 15 of U.S. Patent No. 7,334,720 B2 in CBM2015-00125 was consolidated with this proceeding. Paper 28, 9–11.

INTRODUCTION

Apple Inc. (“Apple”), filed a Corrected Petition to institute covered business method patent review of claims 3 and 13–15 of U.S. Patent No. 7,334,720 B2 (Ex. 1301, “the ’720 patent”) pursuant to § 18 of the Leahy-Smith America Invents Act (“AIA”).² Paper 5 (“Pet.”). On May 28, 2015, we instituted a transitional covered business method patent review based upon Apple’s assertion that claims 3 and 15 are directed to patent ineligible subject matter under 35 U.S.C. § 101. Paper 11, 19. Subsequent to institution, Smartflash LLC (“Smartflash”) filed a Patent Owner Response (Paper 23, “PO Resp.”) and Apple filed a Reply (Paper 26, “Pet. Reply”) to Patent Owner’s Response. We consolidated Google, Inc.’s (“Google”) challenge to claim 15 of the ’720 patent with this proceeding. Paper 28, 10; *Google Inc. v. Smartflash LLC*, Case CBM2015-00125 (Paper 11) (PTAB Nov. 16, 2015).

In our Final Decision, we determined that Petitioners Apple and Google had established, by a preponderance of the evidence, that claims 3 and 15 of the ’720 patent are unpatentable. Paper 43 (“Final Dec.”), 3, 33. Smartflash requests rehearing of the Final Decision. Paper 44 (“Request” or “Req. Reh’g”). Subsequent to its Rehearing Request, Smartflash, with authorization, filed a Notice of Supplemental Authority. Paper 45 (“Notice”). Apple and Google filed a Response to Smartflash’s Notice. Paper 46 (“Notice Resp.”). Having considered Patent Owner’s Request, we decline to modify our Final Decision.

² Pub. L. No. 112-29, 125 Stat. 284, 296–07 (2011).

STANDARD OF REVIEW

In covered business method patent review, the petitioner has the burden of showing unpatentability by a preponderance of the evidence. 35 U.S.C. § 326(e). The standard of review for rehearing requests is set forth in 37 C.F.R. § 42.71(d), which states:

The burden of showing a decision should be modified lies with the party challenging the decision. The request must specifically identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.

ANALYSIS

Smartflash’s Request is based on a disagreement with our determination that claims 3 and 15 (“the challenged claims”) are directed to patent-ineligible subject matter. Req. Reh’g 4–5. In its Request, Smartflash presents arguments directed to alleged similarities between the challenged claims and those at issue in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) (Req. Reh’g 5–10) and *Enfish, LLC v. Microsoft Corp.*, No. 2015-2044 (Fed. Cir. May 12, 2016), and alleged differences between the challenged claims and those at issue in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l.*, 134 S. Ct. 2347 (2014) (*id.* at 10–15).

As noted above, our rules require that the requesting party “*specifically* identify all matters the party believes the Board misapprehended or overlooked, and the place where each matter was previously addressed in a motion, an opposition, or a reply.” 37 C.F.R. 42.71(d) (emphasis added). In its Request, however, Smartflash does not identify any specific matter that we misapprehended or overlooked. Rather, the only citation to Smartflash’s previous arguments are general citations, without explanation as to how we misapprehended or overlooked any

particular matter in the record. For example, with respect to Smartflash’s arguments regarding *DDR Holdings*, Smartflash simply notes that “[p]ursuant to 37 C.F.R. § 42.71(d), whether the challenged claims were similar to those in *DDR Holdings* was previously addressed. See PO Resp. 1, 16-22.” Request 7 n.3. Similarly, in Smartflash’s arguments regarding *Alice*, Smartflash simply notes that “[p]ursuant to 37 C.F.R. § 42.71(d), the issue of whether the claims are directed to patent eligible subject matter was previously addressed. See PO Resp. 15-27” (*id.* at 11 n.4) and “[p]ursuant to 37 C.F.R. § 42.71(d), the issue of whether the challenged claims contain ‘additional features’ beyond an abstract idea was previously addressed. See PO Resp. 21-22; see also *id.* at 4-9” (*id.* at 13 n.5). These generic citations to large portions of the record do not identify, with any particularity, specific arguments that we may have misapprehended or overlooked.

Rather than providing a proper request for rehearing, addressing particular matters that we previously misapprehended or overlooked, Smartflash’s Request provides new briefing by expounding on argument already made. Smartflash cannot simply allege that an “issue” (e.g., whether the claims are directed to an abstract idea) was previously addressed, generally, and proceed to present new argument on that issue in a request for rehearing. See 37 C.F.R. § 42.71.

Smartflash’s arguments are either new or were addressed in our Final Decision. For example, Smartflash’s argument that the challenged claims are not directed to an abstract idea (Req. Reh’g 10–12) is new, and therefore, improper in a request for rehearing, because Smartflash did not argue the first step of the analysis articulated in *Mayo* and *Alice* in its Patent Owner Response. See PO Resp. 15–22 (Patent Owner Response argues that claims

are statutory under only the second step of Mayo and Alice); *see also* Paper 41 (transcript of oral hearing), 6:13–16 (Petitioner stating that “Patent Owner has presented no argument whatsoever to contest that its claims are directed to abstract ideas under the first prong of Mayo and Alice.”), *id.* at 6:17–18 (Petitioner also stating “It [] also never disputed the articulation of those abstract ideas”).

To the extent portions of the Request are supported by Smartflash’s argument in the general citations to the record, we considered those arguments in our Final Decision, as even Patent Owner acknowledges. *See, e.g.*, Req. Reh’g 7 (citing Final Dec. 14) (“The Board rejected Patent Owner’s reliance on *DDR Holdings* (at 14), holding that the challenged claims were not ‘rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.’”). For example, Smartflash’s arguments about inventive concept (Req. Reh’g 5–7, 10–15) were addressed at pages 11–21 of our Final Decision, Smartflash’s arguments about preemption (Req. Reh’g. 6–7) were addressed at pages 21–24 of our final Decision, and Smartflash’s arguments about *DDR Holdings* (Req. Reh’g. 7–10) were addressed at pages 16–19 of our Final Decision. Mere disagreement with our Final Decision also is not a proper basis for rehearing. Accordingly, Smartflash’s Request does not apprise us of sufficient reason to modify our Final Decision.

Smartflash’s Notice of Supplemental Authority also does not alter the determination in our Final Decision. Smartflash characterized the Federal Circuit’s decision in *BASCOM Global Internet Services, Inc. v. AT&T Mobility, LLC.*, ___ F.3d ___, 2016 WL 3514158, *6-*7 (Fed. Cir. June 27, 2016) as follows:

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